

JUN 26 2008

**FEDERAL ELECTION COMMISSION**  
**999 E Street, N.W.**  
**Washington, D.C. 20463**

**FIRST GENERAL COUNSEL'S REPORT**

Pre-MUR: 459

DATE RECEIVED: January 28, 2008

LAST RESPONSE RECEIVED: May 7, 2008

DATE ACTIVATED: February 25, 2008

EXPIRATION OF SOL: December 31, 2012

SOURCE:

RESPONDENTS:

Minnesota Corn Growers Association  
Minnesota Corn Growers Association PAC and  
Michael McCarvel, in his official capacity as  
treasurer  
MN Corn PAC and Michael McCarvel, in his  
official capacity as treasurer

RELEVANT STATUTES  
AND REGULATIONS:

2 U.S.C. § 433(a)  
2 U.S.C. § 434(a)  
2 U.S.C. § 441a(a)(1)  
2 U.S.C. § 441b(a)  
2 U.S.C. § 441b(b)(4)(C)  
2 U.S.C. § 441b(b)(4)(D)  
11 C.F.R. § 102.5(a)(2)

INTERNAL REPORTS CHECKED:

Disclosure Reports  
RAD files

FEDERAL AGENCIES CHECKED:

None

**I. INTRODUCTION**

Minnesota Corn Growers Association ("MCGA"), an incorporated nonprofit membership  
association of corn farmers,

to  
disclose record-keeping and reporting shortcomings by MCGA's state PAC, MN Corn, and

1 MCGA's separate segregated fund registered with the Commission, Minnesota Corn Growers  
2 Association PAC ("MCGA PAC"). MCGA PAC, which registered in November 2005, reported  
3 minimal activity in 2005-2006 and was administratively terminated in early 2007 for inactivity.

4 The \_\_\_\_\_ show that  
5 MCGA's state PAC, MN Corn, was effectively serving as both a state and federal PAC for  
6 MCGA from 2000 through 2007 without registering or filing with the Commission. MCGA  
7 maintains that it intended to properly disclose all federal activity, but wrongly presumed that  
8 filing disclosure reports with the Minnesota Campaign Finance and Public Disclosure Board  
9 disclosing all of its activity satisfied the Commission's filing requirements. Although alerted to  
10 possible problems concerning use of its state PAC for making federal contributions prior to the  
11 administrative termination of its federal PAC in early 2007, MCGA did not obtain legal advice  
12 until September 2007 which led to \_\_\_\_\_ in January 2008. \_\_\_\_\_ includes  
13 disclosure of past problems, steps taken to correct them, and measures to be instituted to prevent  
14 future violations. The steps taken to correct past problems include MCGA PAC's filing and  
15 amending its FEC disclosure reports from 2000-2007.

16 As discussed in more detail below, we recommend the Commission open a MUR and  
17 find reason to believe that MN Corn and Michael McCarvel, in his official capacity as treasurer,  
18 violated 2 U.S.C. §§ 433(a), 434(a), 441a(a)(1), 441a(f), 441b(a) and 11 C.F.R. § 102.5(a)(2);  
19 MCGA PAC and Michael McCarvel, in his official capacity as treasurer, violated 2 U.S.C.  
20 § 433(b)(2); and MCGA violated 2 U.S.C. § 441b(b)(4)(C) and (D). \_\_\_\_\_

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**II. FACTUAL SUMMARY**

**A. MCGA PAC (MCGA's federal PAC)**

MCGA PAC was established on September 8, 2005 and registered with the Commission on November 22, 2005. MCGA PAC filed reports with the Commission in 2005 and in 2006, but consistently disclosed only \$550.00 total in unitemized contributions/cash on hand, with no other receipts, disbursements, debts or obligations, in each report during that time period.<sup>1</sup> The Commission notified MCGA PAC on January 25, 2007 that it would be administratively terminated on February 25, 2007 for inactivity, but that any receipt or disbursement of funds for federal elections would void the administrative termination.

**B. MN Corn (MCGA's state PAC)**

\_\_\_\_\_ MN Corn registered with the Minnesota Campaign Finance and Public Disclosure Board ("Minnesota Board") as a state PAC on January 14, 1999. It has never registered with the Commission. MN Corn's June 2000 articles of organization state that it was created to contribute to candidates for state office, but during 2000, MN Corn started contributing to federal, as well as state, candidates. MCGA \_\_\_\_\_ included MN Corn's undated spending guidelines stating "Candidates for federal congressional office may receive up to \$3,000. Incumbent Presidential candidates will be allowed up to \$5,000. We will always follow state and federal guidelines and will not exceed the maximum allowable donation." MN Corn reported all its receipts and expenditures to the Minnesota Board from 1999 through 2007.

\_\_\_\_\_ solicitations for contributions to MN Corn were not limited to members of MCGA or its employees and families. MCGA included solicitations for MN

<sup>1</sup> MCGA PAC's 2005 Year End Report, which covered September 8, 2005-December 31, 2005 showed \$550 in unitemized contributions, with no other receipts, disbursements debts or obligations. The 2006 April, July and October Quarterly Reports and the Post General Report all reported only \$550 cash on hand, with no other receipts, disbursements, debts or obligations. The 2006 April Quarterly and Post General Reports were filed with the Commission only after a Notice of Failure to File was sent to MCGA PAC.

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1 Corn in *Corn Talk*, MCGA's tri-annual newsletter available to the public online and mailed to  
2 members, as well as in the monthly *Leader Updates* available only to members. Solicitations  
3 invite readers to attend the MN Corn Auction, an annual fundraiser,<sup>2</sup> and state only that the  
4 proceeds from the auction support "MN Corn, MCGA's political action committee," and do not  
5 indicate whether the funds raised would be used to support state or federal candidates. While the  
6 auction attracts farmers who are members of MCGA, it is open to the general public, and any  
7 one is eligible to bid on the auction items.

8 A majority of MN Corn's receipts were in-kind contributions from individual farmers  
9 which corresponded to the purchase price of donated items at the MN Corn Auction. MN Corn  
10 also accepted contributions from a Minnesota state PAC, Southern Minnesota Sugar  
11 Cooperative, which may have included prohibited funds because Minnesota law allows PACs to  
12 accept contributions from labor organizations. It also accepted an excessive contribution of  
13 \$7,115.45 from Renville County Corn Growers Association. MN Corn's receipts from 2000-  
14 2007 totaled \$112,736.52, ranging from \$5,865.00 in 2007 to \$19,573.50 in 2006.

15 MN Corn made its first contribution to a federal candidate in 2000 and continued making  
16 federal contributions through 2007. The chart below sets forth the amount of all MN Corn  
17 disbursements to federal candidates from 2000-2007:<sup>3</sup>

<sup>2</sup> The auction is held at the MN Ag Expo, MCGA's annual trade and education show, which is free to all Minnesota corn producers. A newsletter describing the 2007 Expo states "More than 700 Minnesota corn farmers, their friends and associates" attended the event. MCGA *Leader Update*, January 26, 2007.

<sup>3</sup> MN Corn's disbursements to state candidates during that time period were as follows: 2000 - \$1,450; 2001-  
\$0, 2002 - \$2,800; 2003 - \$4,500; 2004 - \$4,750; 2005 - \$4,705; 2006 - 9,975; 2007 - \$700.

Year	Federal disbursements
2000	\$1,400
2001	\$950
2002	\$2,250
2003	\$4,000
2004	\$11,750
2005	\$11,650
2006	\$32,500
2007	\$7,650

**TOTAL: \$72,150**

**C. MN Corn's 2006 Contacts with the Reports Analysis Division ("RAD")**

Over a year prior \_\_\_\_\_ RAD advised a representative of MN

Corn that the state PAC was operating improperly. On October 16, 2006, Kathy Smith, the former business and finance director of MCGA, administrator of MN Corn, and assistant treasurer of MCGA PAC, called RAD and inquired if MCGA's state PAC was allowed to donate money to federal candidates because it had been doing so for years. RAD told Smith that all federal contributions must come from federally permissible funds and must be reported to the Commission. RAD also instructed Smith to ask for a refund of any impermissible contributions it may have made and gave her two options in order to correct the previous behavior and to contribute to federal candidates in the future: 1) transfer all funds from MCGA PAC's account into MN Corn's account and terminate the federal committee, and then file an FEC Form 1 with the Commission, registering the state PAC as a federal PAC with the Commission, as long as all

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1 funds in the account were raised through federally permissible sources or 2) file an FEC Form 99  
2 (to disclose the name, date and amount of any federal contributions made from the state PAC)  
3 and stop giving to federal candidates from the nonfederal account.

4 Smith also asked RAD if proceeds from the annual auction would be federally  
5 permissible funds. RAD told Smith that if the item donations and money comes from members  
6 of the restricted class and absolutely no corporate money is being used, then she could deposit  
7 these funds into the federal account. RAD also told Smith how to properly report donated items  
8 for the auction as in-kind contributions. Finally, RAD advised Smith to take action as soon as  
9 possible.

10 Since MCGA [redacted] did not address the background of its reporting and  
11 its exchange with RAD, we asked its counsel for further information. In response, MCGA  
12 submitted an affidavit from Kathy Smith dated April 2, 2008.<sup>4</sup> Attachment 1.

13 According to Smith's affidavit, in 2000, MN Corn wanted to contribute to a couple of  
14 federal candidates, and she called the Minnesota Board and was told "it was OK for a state PAC  
15 to give to federal candidates. So after that, we continued to do so, thinking it was proper  
16 procedure." (Smith Aff. ¶ 2.) In 2005, she was instructed by the PAC committee to do what was  
17 needed to start a federal PAC.<sup>5</sup> She consulted the FEC's website, "got the information, filled  
18 out the form, opened a separate bank account at a different bank, and called the FEC office to  
19 make sure I had all the blanks filled in properly." (Smith Aff. ¶ 2.) Although notified by the

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<sup>4</sup> At the time of her affidavit, Smith was employed by MCGA and was administrator of its state PAC. Counsel told us she has since left both positions for reasons unrelated to this matter.

<sup>5</sup> According to Smith's affidavit, the state PAC committee made the decisions as to where the checks to state and federal candidate committees were sent. Michael McCarvel, the federal PAC's treasurer, is a member of the state PAC committee and recently became the state PAC treasurer. Smith states that because McCarvel lived far from the office, she became assistant treasurer of the federal PAC to facilitate submitting the reports to the FEC with an original signature, rather than a signature stamp.

1 FEC that MCGA now had a federal PAC, "we did not use it however as the state PAC was  
2 working and that's where all the money was." (Smith Aff. ¶ 2.)

3 Smith's affidavit also discusses a 2004 incident that might have alerted MN Corn to  
4 problems prior to her 2006 conversations with RAD. Smith avers that MN Corn made a  
5 contribution to the Republican National Committee on October 25, 2004.<sup>6</sup> The Committee  
6 called and asked Smith if MN Corn was a federal PAC and when she said it was not, the  
7 Committee said it could not take MN Corn's check. In her affidavit, Smith stated that she  
8 assumed "as a national committee they must be different from candidates as the candidates were  
9 cashing checks and there were no questions." (Smith Aff. ¶ 4.) Still, the incident "did raise a  
10 flag but our MN Campaign Finance Board still said we could give checks to federal candidates  
11 out of state PAC funds. We continued on and kept reporting to the state where all the checks  
12 were going." (Smith Aff. ¶ 4.)

13 According to Smith's affidavit, in the fall of 2006, a federal candidate's committee also  
14 raised questions as to whether MN Corn's contribution came from a federal or state PAC.<sup>7</sup>  
15 Smith states she called RAD in October 2006, and acknowledges that she was told "that federal  
16 registration and reporting should be used." (Smith Aff. ¶ 6.) However, MN Corn did not take  
17 any immediate action because "October is a very busy time for our farmers during harvest. Even

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<sup>6</sup> It appears that Smith was mistaken on the recipient of the check when she described the situation in her affidavit. According to MN Corn's filings with the Minnesota Board, the check in question was originally written to the National Republican Senatorial Committee on June 28, 2004 for \$5,000, not the Republican National Committee. In Smith's affidavit, she said MN Corn's bank had problems with how the check was endorsed and it eventually sent a replacement check dated October 25, 2004. That check was rejected, and the conversation recounted above took place.

<sup>7</sup> Smith did not remember the date the check was made or which candidate's committee rejected the check. MN Corn's filings with the Minnesota Board do not reflect a returned check or refund from any committee.

1 though I told the appropriate people, it was put on the back burner. It was not a high priority at  
2 this time for anyone." (Smith Aff. ¶ 6.)

3 After the January 2007 auction, Smith avers she did not deposit proceeds into either PAC  
4 because "we were still trying to decide how to proceed." (Smith Aff. ¶ 7.) After MCGA PAC  
5 received the administrative termination letter from the FEC, Smith said "that only left the state  
6 PAC to work with." (Smith Aff. ¶ 7.) In May 2007, MCGA's federal lobbyist recommended  
7 sending out more checks to federal candidates. Smith and Michael McCarvel, the federal PAC's  
8 treasurer, began discussing what to do, and McCarvel talked to "other contacts he knew of who  
9 had federal PACs. Most of them seemed as confused as we were about the proper thing to do.  
10 They told him that most of the information was hard to decipher." (Smith Aff. ¶ 7.) In  
11 September 2007, the PAC Committee met with newly retained counsel, and "were told to stop all  
12 PAC activity until further notice. We have followed that directive ever since." (Smith Aff. ¶ 7.)

13 Smith's affidavit concludes with her assertion that "[m]y goal on both the state and  
14 federal PACs has been to follow all the rules that pertain to each." However, "[t]he state PAC  
15 has been easier to comply with. The federal has been confusing from the beginning. Even after  
16 talking with people at the FEC I was never sure what was correct." (Smith Aff. ¶ 8.)

17 **D. Corrective Actions and Preventative Measures**

18 The Respondents \_\_\_\_\_ details corrective actions and measures taken to prevent  
19 future violations. MCGA took corrective actions beginning in the late 2007 by seeking the  
20 advice of counsel, and, on counsel's advice, stopping all PAC activity. MCGA made its  
21 \_\_\_\_\_ to the Commission in early 2008. Following its \_\_\_\_\_ discussions with our  
22 Office and RAD, MCGA PAC filed with the Commission its missing disclosure reports and

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1 amended its previously filed reports for the years 2000-2007. The reports include all federal  
2 activity from MN Corn and MCGA PAC during those years.

3 MCGA also provided a future plan for compliance that includes implementing a policy  
4 that requires either the treasurer or custodian/designated agent to attend FEC sponsored training  
5 when appointed and periodically thereafter. Nancy Brown, MCGA PAC's new  
6 custodian/designated agent registered to attend FEC training in June 2008. MCGA also stated  
7 that in the future, MN Corn and MCGA PAC will be separate entities with separate bank  
8 accounts, and solicitations will clearly identify which PAC is being supported. Finally, MCGA  
9 intends to create a compliance protocol after Nancy Brown attends the FEC training in June 2008  
10 which will address at a minimum the following: identifying mechanisms that the MCGA will use  
11 to properly solicit funds for MCGA PAC; identifying who can be solicited and specifying any  
12 restrictions on timing and frequency of solicitations, including a protocol for retaining  
13 membership information about donors; identifying a plan for subsequent training to ensure  
14 ongoing compliance with federal laws; and subscribing to FEC's "Tips for Treasurers" updates  
15 through the Commission's website.

16 **III. LEGAL ANALYSIS**

17 **A. MN Corn Failed to Register and Report as a Political Committee**

18 MN Corn has never registered or reported with the Commission as a political committee.  
19 A "political committee" is any committee, club, association, or other group of persons that  
20 receives contributions or makes expenditures aggregating in excess of \$1,000 during a calendar  
21 year, 2 U.S.C. § 431(4)(A), and whose major purpose is federal campaign activity (i.e., the  
22 nomination or election of a federal candidate). See Supplemental Explanation and Justification,

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1 Political Committee Status, 72 Fed. Reg. 5,595 5,597 (Feb. 7, 2007). The Act requires political  
2 committees to register and report with the Commission. 2 U.S.C. §§ 433(a) and 434(a).

3 MN Corn's contribution activity demonstrates that its major purpose from at least 2004 to  
4 2007 was to support federal candidates. From 2004-2007, MN Corn's total contributions to  
5 federal candidates ranged from \$4,705 to \$32,500 per year, which surpassed its contributions to  
6 state candidates in each of those years by \$6,945 to \$22,525 per year. See chart and n.3 *supra*.  
7 MN Corn also exceeded the \$1,000 expenditure threshold required by the Act to qualify as a  
8 political committee each year from 2004-2007. Therefore, MN Corn was a political committee  
9 under the Act. As a result, MN Corn had a duty to register as a political committee with the  
10 Commission and disclose its receipts and disbursements through reports filed with the  
11 Commission, but it did neither. 2 U.S.C. §§ 433(a) and 434(a). Since MN Corn failed to register  
12 and report as a political committee with the Commission, we recommend the Commission find  
13 reason to believe MN Corn violated 2 U.S.C. §§ 433 and 434.

14 **B. MN Corn's Improper Receipts**

15 According to \_\_\_\_\_ MN Corn may have accepted contributions that were not  
16 federally compliant. The Commission's regulations require that contributions meet certain  
17 conditions for a political committee to deposit them into an account used for federal and non-  
18 federal elections. 11 C.F.R. § 102.5(a)(1)(ii). The contributions must be designated for a federal  
19 account, they must be contributions that result from a solicitation which expressly states that the  
20 contribution will be used in connection with a federal election or the contribution is from  
21 contributors who are informed that all contributions are subject to the prohibitions and  
22 limitations of the Act. 11 C.F.R. § 102.5(a)(2). The Act further restricts committees from

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1 accepting contributions exceeding limits, and prohibited contributions, including those from  
2 labor organizations. 2 U.S.C. § 441a(f), 441a(a)(1)(C) and 441b(a).

3 MN Corn used funds in connection with federal elections from 2000-2007, but did not  
4 indicate to any of its contributors that the funds would be used for federal elections. The  
5 solicitations for the annual MN Corn Auction, the PAC's primary fundraiser, only state that the  
6 fundraiser is for "MN Corn PAC, MCGA's political action committee," and do not specify that  
7 the auction proceeds would be used in connection with federal elections. Counsel confirmed that  
8 MN Corn did not follow the requirements set forth in 11 C.F.R. § 102.5(a)(2).

9 In addition, MN Corn may have accepted prohibited contributions.<sup>8</sup> It accepted from  
10 Southern Minnesota Sugar Cooperative, a state PAC registered in Minnesota, \$2,000 in 2000,  
11 \$1,000 in 2002, \$1,500 in 2003, \$2,500 in 2004 and \$2,500 in 2005. The funds may not have  
12 been federally compliant because Minnesota law allows labor organizations to contribute to state  
13 PACs in amounts under \$100, which is prohibited by the Act.<sup>9</sup> Since it appears that MN Corn  
14 deposited funds into its account that did not follow the requirements in 11 C.F.R. § 102.5(a)(2),  
15 and may have deposited other contributions from prohibited sources, we recommend the  
16 Commission find reason to believe that MN Corn violated 11 C.F.R. § 102.5(a)(2) and 2 U.S.C.  
17 § 441b(a).

<sup>8</sup> MN Corn also accepted contributions exceeding the Act's limits. In 2001, MN Corn received \$7,115.45 in contributions from Renville County Corn Growers Association, a local chapter of the MCGA, which exceeded the \$5,000 contribution limit. MN Corn has no records regarding the composition of the 2001 contribution, so it is possible some of the funds were also from a prohibited source. However, because of the age of this violation, we are not recommending the Commission pursue it.

<sup>9</sup> Minnesota campaign finance law allows state PACs to accept contributions of \$100 or less from any source, except corporations. Minn. Stat. §§ 10A.20 (3), 211B.15 (1) and (2). If a contribution exceeds \$100, the organization making the contribution must register with the Minnesota Board and disclose its financial activity.

**C. MN Corn Made Excessive Contributions**

\_\_\_\_\_ revealed that Respondents made several excessive contributions to federal candidates. In the 2005-2006 election cycle, the Act prohibited political committees from making contributions to federal candidates and their political committees in excess of \$2,100. 2 U.S.C. §§ 441a(a)(1), 441a(c)(1)(B),(C).<sup>10</sup> In 2005, MN Corn made a \$2,500 contribution to Senator Norm Coleman and a \$3,000 contribution to Congressman Mark Kennedy, each over the Act's limitations. In 2006, MN Corn made a \$5,000 contribution to Senator Saxby Chambliss, a \$3,000 contribution to Congressman Gilbert Gutknecht and a \$3,000 contribution to Congressman Collin Peterson, all in excess of the Act's limitations. Since MN Corn made excessive contributions to federal candidates, we recommend the Commission find reason to believe that MN Corn violated 2 U.S.C. § 441a(a)(1).

**D. MCGA PAC Failed to Disclose its Affiliation with MN Corn**

MCGA PAC registered with the Commission on November 22, 2005 as an SSF of MCGA but did not disclose its affiliation with MN Corn. The Act requires that when an SSF is established, it must file a statement of organization within 10 days after establishment and the statement of organization must include, among other things, the name, address, relationship and type of any connected organization or affiliated committee. 2 U.S.C. § 433(b)(2). An affiliated committee is a committee that is established, financed, maintained or controlled by the same...person or group of persons. 11 C.F.R. § 100.5(g)(2). When membership organizations, including trade or professional associations, establish, finance, maintain or control committees,

<sup>10</sup> MN Corn never qualified as a multicandidate committee under 11 C.F.R. § 100.5 (e), which requires that a political committee i) has been registered with the Commission for at least six months; ii) has received contributions for federal elections from more than fifty persons, and iii) has made contributions to five or more federal candidates, in order to have an increased contribution limit of \$5,000 to a candidate per year under the Act. Since MN Corn never registered with the Commission and never received contributions designated for federal elections, the first and second requirements were not fulfilled. See discussion of 11 C.F.R. 102.5(a) violations *supra*.

1 the committees are affiliated. 11 C.F.R. § 100.5(g)(3)(iv). MCGA established, maintained and  
2 controlled both MN Corn and MCGA PAC, making MN Corn and MCGA PAC affiliated.  
3 MCGA PAC's statement of organization said it was connected to MCGA, but it did not reveal its  
4 affiliation with MN Corn. Since MCGA PAC failed to disclose its affiliation with MN Corn, we  
5 recommend the Commission find reason to believe MCGA PAC violated 2 U.S.C. § 433(b)(2).

6 **E. MCGA Solicited Outside the Restricted Class**

7 \_\_\_\_\_ reveals that the MCGA solicited the general public for contributions.  
8 The Act limits a membership trade association and a membership trade association's separate  
9 segregated fund's solicitations to the restricted class, namely the trade association's members,  
10 and executive or administrative personnel, and their families. 2 U.S.C § 441b(b)(4)(C) and (D).  
11 MCGA is a membership trade association with 6,011 members and eight employees, four of  
12 whom are executive or administrative personnel. There are no corporate members. MCGA  
13 advertised for its annual auction fundraiser outside of its restricted class through *Corn Talk*, a  
14 MCGA publication, which is featured publically on its web page in addition to being sent to its  
15 members. See AO 1978-17 (National Cable Television Association) (providing advance  
16 information concerning a particular fundraising activity constitutes a solicitation). MCGA  
17 further solicited the general public each year by holding the auction at the MN Ag Expo, which  
18 was open to all corn farmers, not just MCGA members. *Id.* (fundraising booth at convention in  
19 exhibition hall is a solicitation because it may fairly be considered as a request to person visiting  
20 the exhibit area to make a contribution to the PAC). \_\_\_\_\_ MCGA admits that it did  
21 not distinguish between the general public, its members and their families, or its employees and  
22 their families when it solicited for fundraising, in violation of 2 U.S.C § 441b(b)(4)(C) and (D).

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1           The total amount of all itemized contributions from individuals reported to the  
2 Commission is \$41,450 from 2000-2007, primarily from auction receipts. MN Corn may have  
3 received some of these contributions from outside the restricted class, as a result of the general  
4 public solicitations. MCGA is unable to calculate exactly how many contributions from 2000-  
5 2007 were from outside the restricted class because only current membership lists are available.<sup>11</sup>  
6 Thus, since MCGA solicited the general public and received an unknown amount of  
7 contributions from outside the restricted class, we recommend the Commission find reason to  
8 believe that MCGA violated 2 U.S.C. § 441b(b)(4)(C) and (D).

<sup>11</sup> MCGA compared the current membership list to the list of individual itemized contributions recently reported to the Commission for the years 2000-2007, and found that 41 out of 55 individual contributions were from current members. The remaining 14 contributions are not from current members and in the absence of past membership lists, MCGA could not determine whether the individuals were members at the time they contributed. MCGA also did not know for certain if all of the 41 current members were actually members when they contributed.

<sup>12</sup> | Despite MN Corn's failure to comply with 11 C.F.R. § 102.5 and the solicitation restrictions, it appears that the vast amount of funds received by the Respondents, and contributed to federal candidates were federally compliant, both as to amount and source.

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**V. RECOMMENDATIONS**

1. Open a MUR.
2. Find reason to believe that MN Corn PAC and Michael McCarvel, in his official capacity as treasurer, violated 2 U.S.C. §§ 433, 434, 441a(a)(1), 441b(a), and 11 C.F.R. § 102.5(a)(2).
3. Find reason to believe that Minnesota Corn Growers Association PAC and Michael McCarvel, in his official capacity as treasurer, violated 2 U.S.C. § 433(b)(2).
4. Find reason to believe that Minnesota Corn Growers Association violated 2 U.S.C. § 441b(b)(4)(C) and (D).
5. Approve the attached Factual and Legal Analysis.
- 6.
- 7.

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8. Approve the appropriate letter.

Thomasenia P. Duncan  
General Counsel

Ann Marie Terzaken  
Associate General Counsel  
for Enforcement

6-24-08  
Date

BY:

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Kathleen M. Guith  
Acting Deputy Associate  
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